



# from the Director

Number 1

13 February 1981

I was pleased to have the chance to talk to some of you in the headquarters auditorium on February 3rd. For the many who were unable to attend, my remarks are reprinted below.

I am very pleased indeed to be here as the Director of Central Intelligence and to have the opportunity to meet so many of you in this way.

This is my fourth day on the job, but I have been in and out for a few weeks. Admiral Turner and Frank Carlucci, as well as members of the senior staff, have been very generous in helping me learn about the Agency and its work, and, although I am not yet able to find my way around the building, I think I have substantially found my way around the organization chart, which is a very formidable thing.

I came here with a high respect for this Agency and for the caliber and professionalism of its staff. What I have seen in the past few days has strengthened that view. I bring to this job a longstanding dedication to and belief in the purpose for which you and the Agency work.

My earliest public service in Washington was helping General Donovan draft papers to President Roosevelt and the Joint Chiefs, explaining why OSS needed military slots to develop paramilitary capabilities and operational groups, which the Pentagon liked to call "Donovan's Private Army" as they tried to take it over. As I come here faced with personnel freezes, I have a sense of *deja vu*.

When I went to London to set up a secretariat for David Bruce, then commander of the OSS detachment in General Eisenhower's command, one of my duties was to serve as secretary of the

committee charged with studying the organization of the British and other Allied intelligence agencies, in order to develop recommendations on how a permanent peacetime central intelligence service might be established in the United States. That was something we had never had before. Out of that work I got a trip back home to help General Donovan prepare a memorandum to President Roosevelt and the Joint Chiefs of Staff which urged the creation of a central intelligence service. So in a sense I was there at the beginning. Nobody saw me, but I was there.

While in the European Theater I worked closely and formed life-long friendships with Bill Quinn, Director of the Strategic Services Unit after World War II, and Allen Dulles, Dick Helms, and Bill Colby, the latter of whom all came into the role I have now assumed. That means quite a lot to me, and I am delighted to be here to work with you into the future.

I carry a vivid recollection of Dick Helms saying on one occasion in the late sixties, before he became DCI, that he had remained in the Agency for over 20 years and had resisted offers of more money in the private sector because his work in this building reminded him daily of how "beleaguered" our country is in the world. The word "beleaguered" made a very deep impression on me. I understand it to mean surrounded by danger. I am always reminded of the lifetime career and the dedication to country which Dick Helms conveyed on that occasion in that expression and in his 30 years of service to intelligence. I have a comparable admiration for those of you who are embarked on, and are living, an intelligence career.

Your work is even more important today. If Dick Helms had to use the unusual word "beleaguered" to describe the condition of the United States in the late 1960s, how would we describe our situation today? We face an adversary over which we no longer have military superiority—an adversary which has demonstrated a will to use military force outside of its borders and is constantly using skill and resourcefulness in providing weapons, training,

organization, and leadership to proxy armies, to revolutionary groups, and to terrorists throughout Africa, Southeast Asia, and on our very doorstep in Central America.

Our country depends heavily on your daily efforts if it is adequately to develop the means to cope with these threats. Let us together summon the will and find the resources to revive and apply the whole range of capabilities developed in this Agency over the years. The President and the Congress need such capabilities to cope with threats to our security and to protect our interests.

We face such intensified threats after having been severely kicked around in the political process and in the organs of public opinion. We must not let that deter us from the job we have to do.

The intelligence profession is one of the most honorable professions to which Americans can aspire. The President knows that and the American public understands that. Let us hold our heads high as we serve our country, as we call on young Americans to serve in intelligence work, and as we asked American scholars to serve by sharing their insights and their scholarship with us as perhaps the largest scholarly community in the world, and as we prepare the analyses to develop foreign policy and defense strategy. Intelligence work is the one activity in the whole government which—whatever any of us might do, whatever service we perform—has a direct impact on our ability to address the many concerns that may threaten the security of our country or our way of life. I feel that very deeply.

President Reagan has promised to strengthen intelligence where it needs to be strengthened. He has talked frequently about his admiration of and support for the CIA. He has given us a Deputy DCI, Admiral Inman, who will come here with rich experience and universal acclaim inside and outside the Intelligence Community. The President has signaled his intention to do what he can to support our work by affording me Cabinet rank and by giving Admiral Inman a fourth star, making him a full admiral as he undertakes this new responsibility. I am confident you and I and Admiral Inman are ready to do what needs to be done.

As I stated in my confirmation hearings, this is not the time for reorganization or bureaucratic shakeup. Rather, it is a time to build on what we have, to sharpen and strengthen it to meet the new challenges we face. Much will depend on how we organize for

that task. I am a great believer in the delegation of responsibility and commensurate authority. I like to give people running room and judge them by the results. I intend to give at least equal attention to my roles as Director of the Central Intelligence Agency and Director of Central Intelligence.

One reason I am so pleased to have Admiral Inman here with me is that he is so superbly equipped—by virtue of his experience as Director of the National Security Agency, vice Director of the Defense Intelligence Agency, and Director of Naval Intelligence—to take on some of the Community role that consumed so much of the time of my two or three immediate predecessors. I would like, and intend, to take a special interest in strengthening and sharpening our HUMINT capabilities, our analytical and estimating work, and in seeing that the product—the result of the common labor that we put forth here daily—gets in the proper form needed, that it is understood and is acted upon. In a broad general way, that is how I see my job and how I now plan to approach it.

We have to face the fact that we take on this challenge in a period of financial stringency. We can't hide from that. There is a personnel freeze, and budgets are and will be scrutinized very, very carefully. It will take time to balance the objective of strengthening our defense and intelligence capabilities and that of meshing those factors with the financial and manpower requirements of the administration's economic policy.

The way for us to do that, in my opinion, is to do our share in tightening up wherever we can and, on the basis of that performance and at the appropriate time, ask for the resources needed to overcome the deficiencies arising out of earlier budget actions as well as for those needed to meet the needs of the future. There will be budgetary cutbacks and there will be budgetary increases, particularly in defense areas and other areas vital to our security. I intend to define overall needs with care and restraint, but I will not be bashful about asking for what is needed to meet those needs; that is what I would expect you to do also. I am specifically interested in developing the resources needed to provide both the facilities and the incentives necessary to encourage the career-long building of analytical and other specialized skills. People should be able to dedicate their lifelong efforts to building those essential

talents without being pressured into doing administrative or managerial work simply to gain promotion.

I know that all of you are as anxious to constantly improve the Agency's capabilities and its performance as I am. All of us have heard a variety of opinions about the quality of intelligence performance over recent years. You can take your pick of those opinions. Nevertheless, I do know that over its history this Agency has developed the finest intelligence capability in the world.

There can be no doubt about the enormous creativity and ingenuity which has been displayed in developing new sources of information and new analytical tools. It is without precedent anywhere. We certainly have in this building the finest and most highly developed staff of political, military, and economic analysts ever assembled. Yet as I have gone up to the Hill to testify before committees of the Congress on intelligence, on armed services, on appropriations, for my confirmation hearings, and for worldwide intelligence assessments in the last two weeks, I have heard specific criticisms which we cannot and should not shrug off.

The most frequent criticism is that our interpretations and assessments have shown a tendency to be overly optimistic, to place a benign interpretation on information which could be interpreted as indicating danger. When you are specifically charged, as we are, with warning of danger in time for the US to react, it's rather a good idea to incline in the opposite direction. One of my aims will be to inject into the intelligence process a greater degree of skepticism, greater care in weighing evidence to bring out the range of probabilities that a policymaker needs. It's our obligation to present conclusions which emphasize hard reality undistorted by preconceptions or by wishful thinking.

So I ask you, in whatever work you do, to question your assumptions and conclusions, to call them as you see them, whether you are weighing evidence for an intelligence assessment or trying to improve some procedure, no matter what range of work is involved. In return I promise that I will make your work and judgment meaningful by seeing that the President and his advisers get and pay attention to the full range of varying estimates and opinions which result from the collective work in this building and throughout the Community.

I ask you in addition to call it as you see it, neither to trim your sails to any political, budgetary, or bureaucratic interest, nor to permit any philosophical or personal bias to shade or modify the facts. I promise you I will preserve our independence of judgment and get our conclusions to the President and his advisers free of any political or personal considerations or philosophical bias.

Most of what I have said to you is quite general. I imagine that some of it has already been implemented as part of your daily work. I suppose that you would now like to hear more about my plans for the future. Well, it is too early to tell you much about that. I am too cautious.

I will say that I came here without any preconceptions. I have some ideas derived from my experiences as a consumer of intelligence—as a member of the General Advisory Committee on Arms Control (known as the SALT I negotiations), as Undersecretary of State, as a member of the Murphy Commission, and when I was on the President's Foreign Intelligence Advisory Board. I concluded a few things during those times, but that doesn't mean that I won't change my mind. I found in SALT I, for example, that some of the judgments were soft. They leaned toward a kind of benign interpretation rather than a harder interpretation of assessing or viewing a situation as being more dangerous. With the Murphy Commission I came down against breaking up the Agency into a lot of components, as some of the bills on the Hill now propose, and I don't expect to change my mind about that. At the PFIAB I supported a competitive assessment process, but I am open as to how that can best be done. Like everybody else I am in favor of improving our analytical capabilities—that is something easy to be for.

In my meetings and discussions here I have been greatly impressed with the caliber of the people, with the professionalism, and with the dedication and loyalty of all those I have met. I intend to proceed carefully to do whatever needs to be done to get the benefit of all the experience and judgment that has been developed here at the senior levels and elsewhere. My general approach is that I will be careful to preserve what we have and to upgrade wherever we can. I know that all of you will join me in that undertaking.

President Reagan has already requested that the entire Community make recommendations on how to improve our capability to deal with terrorism, acquire intelligence, and deal with espionage by reducing overregulation and by trimming restrictions which are not essential to protecting individual constitutional rights. That process is already under way. Those Congressional committees I have spoken to have shown a universal disposition to support the Identities Act and to find a way to ease the burdens of the Freedom of Information Act. They generally support and want to work with the Community to improve intelligence collection and assessment. They want to stress the concept of oversight without the preoccupation of looking for real or fancied abuses or

illegalities that allegedly existed in the past. I think the public and the Congress are basically very supportive of us. I am certain the administration is.

I welcome this opportunity to talk with you at this preliminary stage. As we move along, and as I find out more about what is needed here, I look forward to talking to you again. Meanwhile, although I have noticed that this is a very big building, I will try to wander about and meet as many of you as I can in the places where you work.

Again, thank you for being here and I look forward to working with you. I thank you in advance for your support.



# from the Director

Number 2

15 May 1981

## NEWLY APPOINTED DEPUTY DIRECTORS

I have recently announced the appointment of four people to fill four of our Agency's most senior positions.

John McMahon is well known to you as former Associate Deputy to the DCI for the Intelligence Community and for the last three years as Deputy Director for Operations, where he served with distinction. John has recently assumed the position of Director, National Foreign Assessment Center. He filled the post made vacant by the retirement of Bruce Clarke, who did a splendid job in that position for approximately two years.

Harry Fitzwater is also known to you for his leadership in recent years; first as the Director of Training and then as Director of Personnel, Policy, Planning and Management. I have named Harry Deputy Director for Administration.

James Glerum will assume the post of Director of Personnel, moving up from a similar post in the Operations Directorate where he clearly distinguished himself.

Rounding out this management team is Max Hugel, whom I have appointed to succeed John McMahon as Deputy Director for Operations. Since he is the newest member of CIA's top management, you should know more about Max Hugel.

Mr. Hugel entered the United States Army in 1943 after attending Brooklyn College for a year. After infantry training and studying Japanese, he served in military intelligence in the Philippines and then during the occupation of Japan. While in Japan he was engaged in the interrogation of Japanese prisoners of war returning from internment by the Soviets. He also served in counter-intelligence.

After leaving the Army, he started a trading company in Japan and developed a number of other interests including the first export of Japanese blood plasma to the United States from a company which he helped form and which is now a major pharmaceutical company in Japan.

In 1954 Mr. Hugel formed a joint company with Brother Industries Limited, a manufacturer of sewing machines in Japan. As its chief executive officer, he marketed and distributed its products, establishing local assembly plants where needed throughout Europe, Asia, North America and South America. Moving into new fields, the company became one of the largest manufacturers and distributors of typewriters in the world.

In 1969, at Mr. Hugel's initiative, an agreement was made between Brother and Centronics Data Computer Corporation to manufacture the first high-speed computer printer mechanism in Japan. As a result of this agreement, Centronics became the world's largest independent manufacturer and distributor of high-speed printers for computers. In 1975, Mr. Hugel sold his interests in Brother International Corporation in exchange for Centronics stock held by Brother and joined Centronics Data Computer Corporation. There he used his previous experience to develop Centronics Data into an international operation establishing sales and assembly plants throughout the world.

In March 1980 he left Centronics to join the Reagan campaign for which he took charge of organizing and directing ethnic, nationality, occupational, religious and other voting groups. During his business years, Mr. Hugel was active in a number of public activities such as the Young Presidents Organization, an international organization consisting of chief executive officers of approximately 3,000 international corporations who had assumed office before the

age of 49. In 1973 he was asked by President Nixon to represent the United States at the economic conference of Far Eastern countries held in Manila. More recently he has been invited by the Chinese to undertake a review of their computer industries.

In January 1981, Mr. Hugel joined the Central Intelligence Agency as Special Assistant to the Director, and on 13 February 1981 he was appointed Deputy Director for Administration. I appointed him Deputy Director for Operations on 11 May 1981.



William J. Casey  
Director



# from the Director

Number 3

24 June 1981

This week I have made two organizational changes which will bear importantly on the improvement of national estimates, on the administration of CIA and on our relationships with the media, Congress and other elements of the government.

## THE NATIONAL INTELLIGENCE COUNCIL (NIC)

For intelligence to play its crucial role as policy is formulated, our work must be relevant to the issues at hand and it must be timely. There have been shortcomings for some time in this relating of intelligence efforts and activities to the policy process. Moreover, the process of preparing national intelligence estimates has become slow, cumbersome and inconsistent with providing the policymaker with a timely, crisp forecast that incorporates clearly defined alternative views.

To correct this situation, I am restructuring the role of the National Intelligence Officers (NIOs) and the procedures for having the National Foreign Intelligence Board and its members make their inputs to national estimates. The NIOs, constituting jointly the National Intelligence Council, henceforth will report directly to the DCI and DDCI. The Chairman of the NIC will function as chief of staff in directing and coordinating the work of the NIOs. The NIOs will continue to be the DCI's principal representatives in policy forums, and will continue to support the DCI in his role as member of the the NSC and the DDCI as Intelligence Community representative to the Senior Interdepartmental Groups (SIGs)—working through the Director of NFAC for analytical support and assistance.

The National Foreign Assessment Center (NFAC) will continue to be the analytical arm of CIA and the DCI and carry primary responsibility for the production of finished foreign intelligence.

## OFFICE OF POLICY AND PLANNING

I have decided that organizational changes are needed to improve Agency-wide administration and to shift direction in certain areas now that the difficulties of the past decade are behind us. These changes will reduce staff positions and return a number of intelligence officers to the collection and production of intelligence.

I am establishing the Office of Policy and Planning to ensure that plans and policies submitted for DCI/DDCI consideration are consistent with Agency-wide objectives and priorities and that they are reviewed in the context of overall Agency needs. The Office will further develop and coordinate CIA's long-range planning effort, review materials submitted to the DCI/DDCI that concern Agency administration, personnel, analytical operations and external affairs policies, and coordinate preparation of briefing papers for the DCI and DDCI for NSC and SIG meetings as well as meetings with heads of other agencies. The Office of Policy and Planning also will centralize in the immediate office of the DCI/DDCI responsibility for all external affairs, including interdepartmental relations, liaison with the Congress and public affairs.

With respect to external affairs, the Office of Legislative Counsel and the Office of Public Affairs were created at a time when the Agency was still encountering considerable criticism in the media and in the Congress and when it was important to expend considerable effort to explain the Agency's mission, to justify our activities and to defend the quality of our work. The magnitude of effort devoted to these purposes has significantly decreased, and I believe the time has come for CIA to return to its more traditional low public profile and a leaner—but no less effective—presence on Capitol Hill. Our emphasis from now on should be to maintain and

enhance CIA's reputation not by representational activities but by the excellence of our work and the high quality of our contribution.

Because Agency contacts with the media and with Congress in most instances involve important, Agency-wide equities, I have decided to keep these two liaison functions in the Office of the Director and to place them organizationally so that Admiral Inman and I can work with them even more closely than in the past. Accordingly, the Office of Policy and Planning will include an External Affairs Staff consisting of two branches. The Legislative Liaison Branch will serve as the focal point for liaison with the Congress. It also will direct the handling of congressional correspondence and inquiries and will arrange briefing teams to provide substantive finished intelligence or other information to congressional requesters. The Legislative Division of OLC will be transferred to the Office of General Counsel. The Public Affairs Branch will be responsible for Agency liaison with the media. It will respond to

inquiries from the public about the Agency and arrange for public presentations, as appropriate, on the role and mission of the Agency. It will provide staff support for the Publications Review Board.

I have asked Robert M. Gates, a career Agency employee who is presently Director, DCI/DDCI Executive Staff, to become Director of the Office of Policy and Planning. Mr. Gates brings to this position a wide range of experience in intelligence and policy, including assignments as National Intelligence Officer for the Soviet Union, Executive Assistant to DCI Turner, and member of the National Security Council Staff during the Nixon, Ford, and Carter Administrations.

The names of the Chairman of the National Intelligence Council and the Chief of the External Affairs Staff of the Office of Policy and Planning will be announced at a later date.



William J. Casey  
Director

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